

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2939

ANSWERED ON:06.08.2015

Power Tariff

Lakhanpal Shri Raghav

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that the interest of consumers is getting affected due to huge margin of profit earned by private power producers;

(b) if so, the details of profitability of private power producers and measures that could be taken to reduce tariffs by reducing excessive profit margins; and

(c) the details of the private power producers, which have access to coal linkage from the Government or having captive coal blocks that guarantee them coal at prices lower than the international market rates?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a) & (b) : The Electricity Act, 2003 has entrusted the responsibility of tariff fixation on the Electricity Regulatory Commissions and it empowers the State/Joint Electricity Regulatory Commissions (SERCs/JERCs) to fix tariffs for consumers. In this regard, SERCs / JERCs notify the Terms and Conditions of tariff fixation from time to time which are equally applicable for both public and private distribution licensees.

As per the Electricity Act, 2003, tariff for retail sale of electricity is fixed by the Appropriate Commission i.e. State Electricity Regulatory Commission/Joint Electricity Regulatory Commission and the Government of India have no direct role in this regard. As a step towards rationalisation of tariff, Electricity Regulatory Commissions have been mandatorily established in all States and Union Territories to regulate the sector. In pursuance of the general provisions of the Act and with due regard to the guiding principles under Section 61 of the Act, the Central Electricity Regulatory Commission (CERC) specifies Multi Year Tariff principles, inter-alia, balancing the interest of consumers while at the same time ensuring recovery of the cost of electricity in a reasonable manner.

(c) : The price of imported coal depends upon source of origin country, grade of coal, ocean freight etc. and varies on weekly basis. Difference between price of domestic linkage coal or coal available from captive block vis-à-vis imported coal depends upon location of power plants (i.e. distance from the mine/port), grade of coal and characteristics of coal i.e. ash, moisture, carbon content etc. As per information made available by Central Electricity Authority, the details of the private power producers, which have access to coal linkage from the Government or having captive coal blocks are given at Annex.
